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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/784,110

02/20/2004

Christopher S. Whinery

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7590

10/20/2008

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EXAMINER

MAGUIRE, LINDSAY M

ART UNIT

PAPER NUMBER

3692

MAIL DATE

DELIVERY MODE

10/20/2008

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/784,110	Applicant(s) WHINERY ET AL.	
	Examiner LINDSAY M. MAGUIRE	Art Unit 3692	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 17 July 2008.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-25 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-25 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

This Final Office Action is in response to the application filed on February 20, 2004, and the amendments filed on July 17, 2008.

Claim Rejections - 35 USC § 112

The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Claims 1, 3, 5, and 8 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention. Specifically, the recitations of "a first party lien holder" (claim 1, lines 6 and 11-14; claim 3, lines 2-3; claim 5, lines 3-4; and claim 8, line 4) and a "second party" (claim 1, line 13), are not found in the specification. While the specification discusses a holder of the lien and true ownership, the specification sets forth a method that comprises a check that the person seeking to settle a real estate transaction is the true owner no matter who seeks to settle the transaction. The amended claims attempt to set forth a method that verifies the true identity of lien holder only when the estate is attempted to be settled by a second party, which is not supported by the specification.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-20 rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

A 35 USC 101 process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. To qualify as a 35 USC 101 statutory process, the claim should positively recite the other statutory class (the thing or product) to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state. Since neither of those requirements is met by the claims, the method is not a patentable eligible process under 35 USC 101 and is rejected as being directed to non-statutory matter.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-25 are rejected, insomuch as the claims are best understood given the 35 USC 112 and 101 rejections (as advanced above), under 35 U.S.C. 103(a) as being unpatentable over U.S. PGPub. No 2002/0133371 (Cole '371), in view of U.S. Pat. No.5,657,389 (Houvener '389).

Re Claim 1: Cole '371 discloses a method for protecting real estate and/or a true owner's equity therein from fraudulent conveyance, mortgaging or other fraudulent transactions and encumbrances involving the real estate comprising: (a) executing a written instrument comprising a lien on the real estate by a first party lien holder (paragraph [0011]); (b) recording the written instrument so as to give public notice according to applicable laws and regulations (paragraph [0033]).

Cole '371 discloses the method substantially as claimed, as advanced above, with the exception of requiring: (c) compiling and documenting personal information evidencing the true owner's identity; and (d) based on said personal information, the first party lien holder verifying, when notice of a pending transfer or encumbrance of the real estate is received from a second party seeking a pay off statement or balance on said lien by the first party lien holder, that the one attempting to transfer or encumber the real estate is in fact the true owner. However, Cote '371 does disclose compiling and documenting identification data (paragraph [0031]) and verifies that the identification data matches up to determine if the transaction is fraudulent (paragraphs [0014, 0040 - 0050]). Houvener '389 discloses compiling and documenting personal information

evidencing an owner's identity and based on that information verifying that the user is the actual owner (i.e. this verification happens whether it's a first party or a second party; abstract, column 4, lines 18 -31). Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the method of Cole '371, in view of the teachings of Houvener '389 for the basic reason of increasing the security of the method, and decreasing the likely hood of fraudulent activities (Houvener '389 column 4, lines 36-44).

Re Claim 2: Cole '371 and Houvener '389 disclose the method in supra including, wherein the real estate is a private home (Cole '371, paragraph [0011], note: a private home is a real property).

Re Claim 3: Cole '371 and Houvener '389 disclose the method in supra including, wherein the written instrument specifies the first party lien holder (paragraph [0011]), but with the exception of including a requirement that the first party lien holder be contacted and notified prior to closing any mortgage, conveyance or other encumbrance involving the real estate. However, it is well known and obvious within the field of endeavor to notify an owner when fraud is detected for the basic reason of allowing the owner to take the necessary measures associated when one has been a victim of fraud.

Re Claim 4: Cole '371 and Houvener '389 disclose the method in supra with the exception of including, that the written instrument further specifies that the lien must be paid prior to release. However, it is considered to be obvious and well known in the art that the remainder of a mortgage must be repaid to the lender before the house is considered to be settled.

Re Claim 5: Cole '371 and Houvener '389 disclose the method in supra with the exception of including, wherein the written instrument further specifies that the lien can be released only by obtaining a payoff statement from the first party lien holder. However, it is considered obvious and well known in the art that all the steps required to sell a house be completed before a property is sold, which includes insuring that the lender has been paid and the loan closed.

Re Claim 6: Cole '371 and Houvener '389 disclose the method in supra with the exception of including, preparing a payoff statement, said payoff statement requiring that the true owner present a closing pass prior to closing; and issuing a closing pass to the true owner after the true owner's identity is verified. However, both Cole '371 and Houvener '389 does disclose that an owner's identity has to be verified before a transaction is allowed to go through (Cole '371, paragraph [0012, 0025]; Houvener '389 column 6, line 59 – column 7, line 11). Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made, in view of current industry

practices to prepare a payoff statement, and for the true owner's identity to be verified before closing for the basic reason of reducing fraud in the market place.

Re Claim 7: Cole '371 and Houvener '389 disclose the method in supra with the exception of including that the closing pass comprises figures selected from the group consisting of letters, words, numbers, symbols, designs and combinations thereof. However, Houvener '389 does disclose personal identification numbers (column 6, line 59 – column 7, line 11). Furthermore, it is considered to be obvious and well known in the art to use combinations of letters, numbers, words, symbols, etc. when creating a password type document for the basic reason of having an increased security measure, i.e. a code that couldn't be cracked.

Re Claim 8: Cole '371 and Houvener '389 disclose the method in supra with the exception of including that said written instrument further specifies that in the event of a title or abstract search on the real estate by a real estate professional, the professional is requested to notify the first party lien holder. However, Cole '371 does disclose automatically flagging situations indicating potential fraud before the loan is funded, thereby allowing the lender to do increased due diligence where it may be warranted (paragraph [0025]). Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to include a clause in the lien that would request notification upon a search of the property in question, for the basic reason of increased

security of the account and to continue with industry standards in the field of identity theft of notification when there is suspicious activity in an account.

Re Claim 9: Cole '371 and Houvener '389 disclose the method in supra with the exception of including that the written instrument defines the real estate professional as being selected from the group consisting of real estate agent, closing agent, title company and attorney. However, it is considered old and well known in the art that a real estate professional is either a real estate agent, closing agent, title company, or attorney.

Re Claim 10: Cole '371 and Houvener '389 disclose the method in supra including that said written instrument further includes language identifying the lien as a means to prevent identity theft and fraud (Cole '371, abstract, paragraph [0011]).

Re Claim 11: Cole '371 and Houvener '389 disclose the method in supra including that said personal information comprises personal and private information known only by the true owner (Cole '371, paragraph [0031]; Houvener '389, column 4, lines 18-31).

Re Claim 12: Cole '371 and Houvener '389 disclose the method in supra with the exception of including that said personal information comprises information selected from the group consisting of mother's maiden name, pet's name, birth date, birth city,

father's middle name, name of best friend in grade school, schools attended and dates, musical instruments played, ethnic background, race, eye color, and combinations thereof. However, it is considered to be old and well known in the art of security for passwords to be based on the above or for security questions to have answers that are based on the above, and therefore is considered to be obvious to use here and encompassed by Houvener '389 which states, "or other data unique to individuals for positive identity verification purposes" (column 4, lines 18-31).

Re Claim 13: Cole '371 and Houvener '389 disclose the method in supra with the exception of including that said personal information comprises a question and answer generated by the true owner. However, it is considered to be old and well known in the art of security to have security questions and to have answers that are based on the users responses, and therefore is considered to be obvious to use here and encompassed by Houvener '389 which states, "or other data unique to individuals for positive identity verification purposes" (column 4, lines 18-31).

Re Claim 14: Cole '371 and Houvener '389 disclose the method in supra including that said personal information comprises a photograph of the true owner (Houvener '389, column 4, lines 18-31).

Re Claim 15: Cole '371 and Houvener '389 disclose the method in supra with the exception of including that said personal information comprises names and contact

information of individuals who can testify to the true owner's identity by sight. However, it is considered old and well known in the art of security to put down names of people who know a user for a variety of reasons, and therefore is considered to be obvious here, (Houvener '389, column 4, lines 18-31).

Re Claim 16: Cole '371 and Houvener '389 disclose the method in supra with the exception of including that said personal information comprises a security code. However, Houvener '389 discloses the use of a security code (column 6, line 59 – column 7, line 10). Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made and further it is considered to be old and well known in the art of security for there to be a security code, and therefore is considered obvious here.

Re Claim 17: Cole '371 and Houvener '389 disclose the method in supra including that said security code comprises figures selected from the group consisting of letters, words, numbers, symbols, designs or combinations thereof (column 6, line 59 - column 7, line 10).

Re Claim 18: Cole '371 and Houvener '389 disclose the method in supra including further comprising periodically updating the personal information (Houvener '389, column 8, lines 11-16; i.e. updating the databases).

Re Claim 19: Cole '371 and Houvener '389 disclose the method in supra including further comprising releasing the lien if the one attempting to transfer or encumber the real estate is in fact the true owner (Houvener '389, column 6, line 59 – column 7, line 10).

Re Claim 20: Cote '371 discloses a method for protecting real estate and/or a true owner's equity therein from fraudulent conveyance, mortgaging or other fraudulent transactions and encumbrances involving the real estate comprising: (a) executing a written instrument wherein a lien on the real estate is obtained by a lender in exchange for a loan of money or service to a true owner of the real estate (paragraph [0011]); and (b) recording the written instrument so as to give public notice of the lien and its requirements according to applicable laws and regulations (paragraph [0033]).

Cote '371 discloses the method substantially as claimed, as advanced above, with the exception of including: (a) wherein the instrument specifies that the lender must be contacted and a payoff statement obtained prior to closing any transaction involving the real estate (claim 20, lines 6-7); (b) compiling and documenting personal information evidencing the true owner's identity (claim 20, lines 10-11); (c) executing a contract between the lender and the true owner of the real estate whereby when requested to release the lien, the lender is required to investigate that the true owner is aware of the pending transaction and to confirm that the true owner is not being fraudulently

represented in the transaction prior to release of the lien by the lender; and
(d) periodically updating the personal information.

Regarding (a) – (d), Cote '371 clearly discloses compiling and documenting identification data (paragraph [0031]) and verifies that the identification data matches up to determine if the transaction is fraudulent (paragraphs [0014, 0040 -0050]). Houvener '389 discloses compiling and documenting personal information evidencing an owner's identity and based on that information verifying that the user is the actual owner (abstract, column 4, lines 18 -31), and periodically updating (Houvener '389, column 8, lines 11-16; i.e. updating the databases). Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the method of Cole '371, in view of the teachings of Houvener '389 for the basic reason of increasing the security of the method, and decreasing the likely hood of fraudulent activities (Houvener '389 column 4, lines 36-44). Additionally, it is well known and obvious within the field of endeavor to notify an owner when fraud is detected for the basic reason of allowing the owner to take the necessary measures associated, when one has been a victim of fraud, and it is considered obvious and well known in the art that all the steps required to sell a house be completed before a property is sold, which includes insuring that the lender has been paid and the loan closed.

Re Claim 21: Cote '371 discloses a real estate equity protection system that comprises: (a) a written instrument, recordable so as to provide public notice,

comprising a mortgage whereby a lien on the real estate is provided to a service company in exchange for a loan of money or service to a true owner of the real estate (paragraph [0011]); (b) means for documenting and maintaining personal information by the service company as evidence of the true owner's identity (paragraph [0033]).

Cote '371 discloses the system substantially as claimed, with the exception of requiring means for confirming, by the service company upon receiving notice of a pending sale, mortgage or other transaction involving the real estate, the true owner's identity based on the documented personal information, and for confirming that the true owner is aware of the sale, mortgage or other transaction and that the true owner is not being fraudulently represented in the sale, mortgage or other transaction. Houvener '389 disclose upon receiving notice of an impending transaction, confirming that it is the true owner making the transaction (abstract, column 4, lines 18 -31). Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the system of Cole '371, in view of the teachings of Houvener '389, for the basic reason of increasing the security of the method, and decreasing the likelihood of fraudulent activities (Houvener '389 column 4, lines 36-44).

Re Claim 22: Cole '371 and Houvener '389 disclose the method in supra with the exception of including, wherein the instrument specifies that the service company must be contacted and a payoff statement obtained prior to closing any sale, mortgage or other transaction involving the real estate. However, it is well known and obvious

within the field of endeavor to notify an owner when fraud is detected for the basic reason of allowing the owner to take the necessary measures associated when one has been a victim of fraud.

Re Claim 23: Cole '371 and Houvener '389 disclose the method in supra including that the means for documenting and maintaining the personal information comprises a computer (Cole '371, abstract).

Re Claim 24: Cole '371 and Houvener '389 disclose the method in supra with the exception of including that the means for documenting and maintaining the personal information comprises a computer system backed up by a manual filing system. However it is considered to be old and well known in the art to keep paper file back-ups of important documents for the basic reason of having a back-up in case something happens to the computer files.

Re Claim 25: Cole '371 and Houvener '389 disclose the method in supra wherein the personal information comprises a security code. However, Houvener '389 discloses the use of a security code (column 6, line 59 – column 7, line 10). Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made and further it is considered to be old and well known in the art of security for there to be a security code, and therefore is considered obvious here.

Response to Arguments

Applicant's arguments with respect to claims 1-25 have been considered but are moot in view of the new ground(s) of rejection.

With respect to applicant's arguments against the rejection of claims 1-19, the examiner is of another opinion. Specifically, applicant's arguments are based upon amendments that have been made to the claims. These amendments have been found to be new matter, and have been rejected as such above.

Applicant's arguments with respect to claim 20 have been fully considered, however examiner is of another opinion. Specifically applicant's arguments are not commensurate with the scope of the claims. Applicant points to "Exhibit A" as evidence of examiner's misinterpretation of claim 20, however, the claim does not accurately convey what "Exhibit A" sets forth.

Applicant's arguments regarding claims 22-25 have been fully considered, however examiner is of another opinion. Specifically, neither Cole '371 and Houvener '389 distinguish that a service company cannot be provided with a lien on real estate. Therefore the art is considered to fully meet the limitations of the claims.

Conclusion

Examiner has pointed out particular references contained in the prior arts of record in the body of this action for the convenience of the applicant. Although the

specified citations are representative of the teachings in the art and are applied to the specific limitations within the individual claim, other passages and figures may apply as well. It is respectfully requested from the applicant, in preparing the response, to consider fully the entire references as potentially teaching all or part of the claimed invention, as well as the context of the passage as taught by the prior arts of disclosed by the examiner.

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to LINDSAY M. MAGUIRE whose telephone number is (571)272-6039. The examiner can normally be reached on M-F: 7-4.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kambiz Abdi can be reached on (571) 272-6702. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

Lindsay M. Maguire
10/14/08
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